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**State of Vermont  
Public Service Board**

**MEMORANDUM**

To: EEU E-mail Service List

From: Riley Allen, Ann Bishop and Andrea McHugh, Board staff

Re: Next Steps for Consideration of Issues Associated with Cost-Effectiveness Screening of Heating and Process-Fuel Efficiency Measures

Date: July 21, 2009

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On July 13, 2009, Public Service Board ("Board") staff held the fourth workshop to discuss issues associated with the cost-effectiveness screening of heating and process-fuel efficiency measures. This memo addresses next steps and future plans for this process. The Board currently has scheduled only one more workshop for July 24 at 1:30 PM to 4PM. We will discuss whether there is need for future workshops at the end of the July 24 workshop.

To complete our discussions of the various positions and concepts presented by the group, Efficiency Vermont ("EVT") and others will be given an opportunity to present their recommendations and approaches to capturing the value of non-energy related benefits to be included in screening. In its June 8, 2009 filing, EVT indicated that "[r]ather than seeking to quantify a range of non-energy benefits that would be monetized and counted as additional benefits in cost-effectiveness screening, we propose to make a simple adjustment on the cost side of the equations." EVT then proposes certain "hedonic" methods that could be used to establish a simple value or adjustment to account for these non-energy related benefits. EVT will be provided an opportunity to describe this process further together with the rationale at the July 24, 2009 workshop. Any other organization that would like to expand further on non-energy benefits or costs, or methods for inclusion, will be given an opportunity to present and/or respond to the EVT proposal.

Board staff would also like to extend an invitation to any others in the group to raise any additional issues or concerns before we proceed beyond the workshop phase of the process. We are particularly interested in hearing more from the Vermont Fuel Dealers Association and others about the pros and cons of the method for calculating savings used in the Fuel Savings Analysis Calculator and the method used by other screening tools that rely on AFUE ratings.

Recall that the current process is intended to guide screening of resources for heating and process-fuel efficiency measures. We would like this process to conclude in time to guide the screening process for the coming calendar year. In order to accomplish this we propose the

following next steps which will be discussed at the July 24 workshop.

After the current workshop series, we intend to memorialize areas of agreement, highlight areas of potential agreement, and develop staff recommendations for later Board determinations. A review of the filings and responses to date suggests that there may already be substantial agreement among the participants on some of the key issues. Board staff intend to highlight the areas of agreement for the parties and solicit comments. Board staff will also highlight areas of potential disagreement or, at least, inconsistent recommendations to allow further opportunity for comment and replies, once the issues have been properly framed. We intend to address all issues raised in this process for which parties are seeking guidance or a Board determination.

Following this round of comment and replies, Board staff intend to prepare a report and recommendations for comment by parties before it is delivered to the Board for a determination. The scope of that decision will address issues in time for the coming calendar year and associated screening. The scope of that decision, however, may also have bearing on future research efforts and investigations on issues that fall outside the scope of the current workshop process. The parties should come to the workshop prepared to raise any issues or concerns with this proposal for moving forward.

As a reminder, the webpage for this process is located at:

[www.state.vt.us/psb/EEU/Cost-EffectivenessScreening/main.htm](http://www.state.vt.us/psb/EEU/Cost-EffectivenessScreening/main.htm)